

SENATE, No. 1232

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:
Senator THOMAS H. KEAN, JR.
District 21 (Morris, Somerset and Union)

SYNOPSIS

Establishes loan program for first-time homebuyers who move to areas with most abandoned properties; appropriates \$5 million.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing a loan program for first-time homebuyers who
2 move to certain areas, supplementing Title 55 of the Revised
3 Statutes, and making an appropriation.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. a. There is established a program in the New Jersey Housing
9 and Mortgage Finance Agency to provide interest-free, deferred
10 second mortgage loans to eligible applicants to cover the cost of
11 qualified repairs to a residential property in an eligible area.

12 b. (1) The maximum amount for a loan shall be \$10,000.

13 (2) A loan may be deferred up until the time of sale or transfer
14 of title of the residential property.

15 (3) An application for a loan shall be made on forms prescribed
16 by the New Jersey Housing and Mortgage Finance Agency.

17 c. In order to qualify for a loan, an eligible applicant has to
18 meet at least four of the following seven criteria:

19 (1) (a) has completed a bachelor's, associate's, or vocational
20 degree program,

21 (b) is an active-duty member of the military or a veteran, or

22 (c) has been consistently employed for at least two years;

23 (2) is a tradesman skilled in carpentry, electrical work, or other
24 skilled labor;

25 (3) commits to volunteering ten hours a week on community
26 redevelopment or engagement projects, including but not limited to
27 activities such as revitalizing structures or providing pro bono legal
28 services;

29 (4) is relocating from another state, or has moved to the State
30 within the past three years, and commits to staying in the State for
31 at least five additional years;

32 (5) is employed or is actively seeking employment in the
33 municipality the applicant is moving to, or within ten miles in any
34 direction of the municipality's boundaries;

35 (6) is employed or is actively seeking employment within 20
36 miles in any direction of the boundaries of the municipality the
37 applicant is moving to in either: the arts; the science, technology,
38 engineering, or math fields; with the government at the municipal,
39 State, or federal level; or with a small business; or

40 (7) is seeking an interest-free, deferred loan to renovate or
41 rehabilitate a multiple dwelling or two-family dwelling, with plans
42 to rent the additional unit or units at a fair-market rate and maintain
43 the property for at least three years.

44 d. On or before the first day of the ninth month next following
45 the effective date of P.L. , c. (C.) (pending before the
46 Legislature as this bill), the Executive Director of the New Jersey
47 Housing and Mortgage Finance Agency shall adopt rules and
48 regulations, pursuant to the "Administrative Procedure Act,"

1 P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the provisions of
2 this section. The executive director shall adopt criteria for
3 determining the number of abandoned properties in municipalities,
4 and shall determine which 10 municipalities in the State have the
5 highest numbers of abandoned properties.

6 e. As used in this section:

7 “Eligible applicant” means a first-time homebuyer who
8 purchases and occupies a residential property in an eligible area,
9 and who meets at least four of the seven criteria of subsection c. of
10 this section.

11 “Eligible area” means the municipalities in the State with the 10
12 highest numbers of abandoned properties, and all areas within five
13 miles of the boundaries of these municipalities.

14 “Qualified repair” means basic rehabilitation repairs to a
15 residential property, including but not limited to improvements to
16 the plumbing, heating system, electrical system, roof, windows,
17 doors, insulation, or exterior, including painting.

18
19 2. There is appropriated from the General Fund to the New
20 Jersey Housing and Mortgage Finance Agency \$5 million to
21 effectuate the purposes of this act.

22
23 3. This act shall take effect immediately.

24 25 26 STATEMENT

27
28 This bill would establish a loan program for first-time
29 homebuyers who move to parts of the State with the highest
30 numbers of abandoned properties. This bill would help encourage
31 the revitalization of these areas.

32 The loan program that would be created by the bill would
33 provide interest-free, deferred second mortgage loans to eligible
34 applicants to cover the cost of qualified repairs to residential
35 properties in eligible areas. An eligible applicant is a first-time
36 homebuyer who purchases and occupies a residential property in an
37 eligible area, and who meets certain other criteria. An eligible area
38 is any one of the 10 municipalities with the highest numbers of
39 abandoned properties in the State, and all areas within five miles of
40 the boundaries of the municipality. A qualified repair encompasses
41 basic rehabilitation repairs to a residential property, including but
42 not limited to improvements to the plumbing, heating system,
43 electrical system, roof, windows, doors, insulation, or exterior,
44 including painting.

45 The maximum amount for a loan issued pursuant to a program
46 under this bill would be \$10,000. A loan may be deferred up until
47 the time of sale or transfer of title of the residential property.

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1 The bill requires the Executive Director of the New Jersey
2 Housing and Mortgage Finance Agency to adopt rules and
3 regulations on or before the first day of the ninth month next
4 following the effective date of the bill.

5 Lastly, the bill appropriates \$5 million from the General Fund to
6 the New Jersey Housing and Mortgage Finance Agency to
7 effectuate the purposes of the bill.